

Message Text

CONFIDENTIAL

PAGE 01 KUWAIT 04427 201221Z

44

ACTION NEA-12

INFO OCT-01 AF-10 EUR-25 ISO-00 AID-20 EB-11 COME-00 INT-08

SCEM-02 SCI-06 OMB-01 TRSE-00 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 DRC-01 /174 W

----- 056228

R 201055Z DEC 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 8358

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMCONSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

USXMISSION EC BRUSSELS 0088

USMISSION OECD PARIS

C O N F I D E N T I A L KUWAIT 4427

E.O. 11652: GDS

TAGS: ENRG PINT KU

SUBJ: KUWAIT DEBATES NATIONALIZATION AND PARTICIPATION

REF: A) KUWAIT 4380 (NOTAL); B) KUWAIT 4320 (NOTAL)

SUMMARY: PUBLIC DEBATE CURRENTLY UNDERWAY HERE REGARDING NATIONALIZATION VS. PARTICIPATION IN KUWAIT OIL CO (KOC). THOSE FAVORING NATIONALIZATION TEND TO STRESS INHERENT POLITICAL ASPECT OF SUCH A STEP WHILE OTHERS, ADVOCATING GOK LINE, HOLD KUWAIT SIMPLY UNPREPARED TAKE ON RESPONSIBILITIES RUNNING KOC NOW. AS DEBATE CONTINUES, CHANCES FOR ASSEMBLY RATIFICATION OF ANY KIND OF PARTICIPATION AGREEMENT APPEAR TO BE DIMINISHING. COMPANIES URGED TO CONCLUDE PARTICIPATION NEGOTIATIONS SOONEST
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KUWAIT 04427 201221Z

TO ENHANCE LIKELIHOOD ASSEMBLY APPROVAL. END SUMMARY

1. ALTHOUGH ASSEMBLY FAILED FORMALLY DEBATE NATIONALIZATION THIS WEEK (REF A), LIVELY PUBLIC DEBATE IS CURRENTLY UNDERWAY OVER PROS AND CONS OF PARTICIPATION AND NATIONALIZATION. ASSEMBLY IS DIVIDED ON ISSUE WITH CONSERVATIVE (AND STRONGLY ANTI-US) DEPUTY ABDUL AZIZ AL-MUSA'EED LEADING GROUP THAT PROPOSED PRIVATE NATIONALIZATION BILL, SECONDED BY LEFTIST "OPPOSITION" GROUP HEADED BY DEPUTY AHMAD AL-DHATIB, BUT OPPOSED BY MODERATE PRO-GOVERNMENT CONTINGENT INCLUDING ABDUL LATIF AL-KAZEMI AS PRINCIPAL SPOKESMAN. GOVERNMENT HAS TAKEN POSITION FAVORING PARTICIPATION, WHILE PRESS AND EXPERTS HAVE TAKEN SIDES.

2. THOSE PRESSING FOR NATIONALIZATION (INCLUDING MASA'EED'S DAILY PAPERS, AL-RAI AL-AAM AND DAILY NEWS AND ARAB NATIONALIST MOVEMENT WEEKLY AL-TALI'A) TEND TO STRESS THAT NATIONALIZATION IS ESSENTIALLY POLITICAL ACT AND CURRENT POLITICAL SITUATION REQUIRES THAT GOK NATIONALIZE OIL COMPANIES AS ACT OF POLITICAL INDEPENDENCE. SOME LEFTISTS HAVE GONE FURTHER AND HAVE QUESTIONED VALIDITY OF EQUITABLE COMPENSATION, AS GIVING BACK WITH ONE HAND WHAT HAS BEEN TAKEN WITH OTHER. THIS, HOWEVER, IS MORE IN FORM COMMENT THAN SERIOUS PROPOSAL.

3. THOSE BACKING PARTICIPATION (INCLUDING RIVAL DAILY PAPERS AL-SIYASSA AND KUWAIT TIMES, SOME WEEKLIES, AND ARAB OIL COMMENTATOR ABDULLA TARIKI IN RECENT LECTURE HERE) HAVE ARGUED THAT NATIONALIZATION WOULD BE A MISTAKE PRIMARILY BECAUSE KUWAIT SIMPLY LACKS HUMAN RESOURCES TO OPERATE KOC. THIS GROUP STRESSES COMPLEXITY OF NATIONALIZATION AND OF OPERATING OIL COMPANIES. THIS IS ALSO GOK POSITION THAT IT PUT FORTH IN RECENT UNOFFICIAL "SECRET SESSION" WITH ABOUT 40 DEPUTIES (REF). THOSE FAVORING PARTICIPATION DO NOT OPPOSE NATIONALIZATION IN PRINCIPLE -- THEY MERELY BELIEVE THAT KUWAIT IS NOT IN POSITION TO NATIONALIZE AT THIS TIME.

4. "SECRET SESSION" MENTIONED ABOVE DID NOT RESOLVE DISAGREEMENT AND IT IS NOT YET CLEAR WHERE MANY OF THE DEPUTIES STAND ON THE ISSUE; MANY ARE PROBABLY STILL UNDECIDED.

5. COMMENT: LESS THAN YEAR AGO, MOST ARDENT CRITICS OF THEN CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KUWAIT 04427 201221Z

PENDING PARTICIPATION AGREEMENT SAID THEY ACCEPTED PRINCIPLE OF PARTICIPATION. NOW, HOWEVER, GOVERNMENT AND THOSE WILLING SETTLE FOR 60 PERCENT INITIAL PARTICIPATION ARE ON DEFENSIVE. QF ADDITION, CHANCES FOR ASSEMBLY RATIFICATION OF ANY KIND OF PARTICIPATION AGREEMENT DO NOT RPT NOT APPEAR TO BE IMPROVING AND WE BELIEVE IT IN COMPANIES' BEST INTEREST TO CONCLUDE PARTICIPATION NEGOTIATIONS SOONEST ON BEST AVAILABLE TERMS WHILE SUCH AGREEMENTS ILL HAS CHANCE OF PASSAGE.

6. ALTHOUGH IN PUBLIC DEBATE HERE LITTLE IS SAID ABOUT IMPACT OF A KUWAITI OIL AGREEMENT ON OTHER COUNTRIES, NOTABLY SAUDI ARABIA, WE HAVE DEFINITE IMPRESSION THAT GOK WILL DELAY SIGNING ANY AGREEMENT IT MAY REACH WITH COMPANIES UNTIL IT CHECKS WITH OTHER OAPEC STATES AND OBTAINS THEIR REACTIONS. THIS FACTOR EMPHASIZES NEED FOR EARLY COMPANY-GOK AGREEMENT TO MINIMIZE ADVERSE EFFECT OF THIS ADDITIONAL DELAY BEFORE AGREEMENT CAN BE PRESENTED TO ASSEMBLY.
STOLTZFUS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, NATIONALIZATION, PETROLEUM INDUSTRY, CENTRAL LEGISLATURE
Control Number: n/a
Copy: SINGLE
Draft Date: 20 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973KUWAIT04427
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731214/aaaaajrq.tel
Line Count: 125
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A) KUWAIT 4380 (NOTAL); B) KUWAIT 43, 20 (NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 03 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03-Jan-2002 by boyleja>; APPROVED <11 MAR 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KUWAIT DEBATES NATIONALIZATION AND PARTICIPATION
TAGS: ENRG, PINT, KU
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005